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SUBJECT: Manila Airport Showcases Security Improvements to
Ambassador

REF: A) MANILA 0335

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Summary

¶1. Ambassador toured the Ninoy Aquino International Airport on February 1. The Manila Airport Authority described and pointed out its recent security enhancements to ensure secure, efficient, and comfortable passenger travel. The Authority started charging an additional four dollar (200 peso) security fee today to cover the estimated \$112 million investment in security upgrades. Officials will work with the International Air Transport Association to determine satisfactory criteria for airline relocation to the new terminal, which may open with a limited trial run in April (ref A). The Airport General Manager said he would soon meet with a US air ambulance firm now based in Guam that is exploring providing services for the Philippines. Ambassador used the visit to stress the importance of aviation security and the need to allocate future facilities to all carriers in an open and transparent fashion. End Summary.

¶2. The Manila International Airport Authority (MIAA) gave the Ambassador and Embassy staff a security briefing followed by a tour of the Ninoy Aquino International Airport on February 1 to showcase its efforts to establish the airport as a globally-competitive, world-class facility with world-class management. General Manager Alfonso Cusi stressed that MIAA is striving to make the airport a secure and efficient operation for the passengers. The briefing outlined physical security enhancements, training of Aviation Security Screening Officers, and plans to purchase over \$100 million in Explosive Detection Screening equipment, manufactured in the United States and certified by the U.S. Transportation Security Administration. The Director of the Philippine Aviation Security Group stated that over 200 security screening officers have been trained and certified by instructors from the International Civil Aviation Organization (ICAO). In addition, over 100 Philippine National Police, who supervise the screening officers, have completed the ICAO training course and are now undergoing certification.

¶3. MIAA estimated the initial cost for the security measures at approximately \$112 million with another \$10 million needed over five

years for routine maintenance. The Authority expects to collect approximately \$14 million the first year from the new airport security tax and increasing amounts each succeeding year as the number of travelers grows. Overseas Filipino workers are exempt from the security fee and other airport taxes. The officials said the exemption demonstrates the government's appreciation for the remittances workers send back to the Philippines -- about \$12-13 billion in 2006.

¶4. Assistant General Manager Tirso Serrano briefed the Ambassador on the plans for the new airport terminal, Terminal Three. The new terminal will have a dedicated food court and shopping area for travelers and their families. Serrano estimated there are three well-wishers for each Filipino traveler. He noted a global trend of airports earning revenue from non-aviation services. He planned to tap into this opportunity to shift the airport's income reliance from runway fees and traveler taxes to retail sales and business services.

¶5. The new terminal will open for a limited, trial run in April. There will be a "rolling opening" as the airlines and concessionaires gradually move into the terminal while contractors finish the equipment installation and construction. Serrano said the airport is "98% complete," with further finishing touches required on the drainage system and cargo road. All electronic and communications systems will be tested during the trial run. Contractors will assess and confirm the structural integrity and safety systems of the facility, which has been idle since 2002 when construction stopped because of legal squabbles. Contractors will also assess the terminal's value in order to determine compensation for the private sector consortium from which the GRP expropriated the terminal in 2005.

¶6. According to Senior Assistant General Manager Oscar Paras, MIAA is working with the International Air Transport Association to determine fair criteria for moving airlines into Terminal Three. He

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suggested that aircraft size would be a major factor, with airlines using large planes such as Boeing 747s and A-320s moving into the new terminal while airlines flying smaller planes such as Boeing 737s or A-319s moving into Terminal Two. MIAA will determine its final airline relocation criteria and conditions before March.

¶7. Cusi said he would meet soon with a US air ambulance firm now based in Guam that is exploring providing services for the Philippines. Ambassador noted the presence of U.S. flag carriers now operating at MIAA and stressed the importance of transparency and a level playing field as the airport expanded facilities and welcomed new carriers into operation.

Comment

¶8. NAIA security officials have made vast improvements in airport security over the past two years, which resulted in 2006 in the first favorable TSA airport security assessment in three years.
KENNEY